

**Federal Communications Commission
Washington, D.C. 20554**

98-184

December 11, 1998

Mr. G.R. Evans
Vice President, Federal Regulatory Affairs
Bell Atlantic Corporation
1300 I Street NW, Suite 400W
Washington, DC 20005

RECEIVED

DEC 28 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. Alan Ciamporzero
Vice President, Regulatory Affairs
GTE Service Corporation
1850 M Street, NW, Suite 1200
Washington, DC 20036

Re: GTE Corporation and Bell Atlantic Corporation Application for
Consent to Transfer of Control (CC Docket No. 98-184)
Request for Documentary Material

Dear Messrs. Evans and Ciamporzero:

During Bell Atlantic and GTE's recent presentations to the Commission regarding the companies' post-merger plans and the expected public benefits from their proposed merger, the Common Carrier Bureau staff requested supplemental information to assist in our consideration of the companies' application for Commission consent to transfer of control (Joint Application). We have summarized those requests below. In addition, we have included additional document requests to obtain clarification and support for the public interest statements made in Bell Atlantic and GTE's Joint Application and accompanying affidavits. As discussed during the foregoing meetings, these information requests are intended to assist Bell Atlantic and GTE in providing the necessary underlying documentation to prove that (1) the merger would result in efficiencies and public benefits, (2) these efficiencies and public benefits would be merger-specific, and (3) these efficiencies and benefits would flow to the public. These requests extend to Bell Atlantic, GTE, and each firm's respective affiliates or subsidiaries, and cover all forms of documentation, including all electronic versions and any copies with notations or interlineation. When responding to the following requests for documents, please ensure that all documents specify the date on which they were generated and, where appropriate, please provide a short description of the information contained in the document or group of documents as that information relates to these document requests.

No. of Copies rec'd
List ABCDE

2

I. As requested during the December 1, 1998 meeting, please provide the following documents relating to Bell Atlantic and GTE's claimed merger efficiencies:

- a) In relation to the Bell Atlantic/NYNEX merger, all consultant reports that analyzed any expected and actual efficiencies from the merger, and all documents relating to how any such consultant reports were used and whether these efficiencies were realized. In relation to the Bell Atlantic/GTE proposed merger, all consultant reports analyzing any expected efficiencies from the merger;
- b) All analyst reports in your possession that estimate or comment upon anticipated efficiencies from the Bell Atlantic/GTE proposed merger; and
- c) All documents relating to GTE's pre-merger plans for establishing new touchdown points along the GNI network, and, to the extent they exist, all documents relating to Bell Atlantic and GTE's post-merger plans for establishing additional touchdown points, and the number, location and anticipated costs and revenues of any such touchdown points.

II. In addition, we request further clarification and documentation regarding the post-merger cost savings and revenue enhancements that are cited in Bell Atlantic and GTE's public interest statement of October 2, 1998, and the accompanying Declaration of Doreen Toben, Vice President and Controller of Bell Atlantic Corporation ("Toben Declaration"). Please provide the following information:

- a) All documents itemizing the source and corresponding amount of the savings or revenue enhancements leading to the totals listed in the following three categories:
 - i) \$2.0 billion annual expense savings three years from closing;
 - ii) \$0.5 billion annual capital expenditure savings three years from closing; and
 - iii) \$2.0 billion annual revenue enhancements three years from closing.
- b) For each item in each of the three categories above, identify the percentage of the corresponding saving or revenue enhancement that would only be realized by the proposed merger between Bell Atlantic and GTE, and provide all documents on which Bell Atlantic and GTE rely to assert that the saving or revenue enhancement is specific to this merger.
- c) For each item in each of the three categories above, identify the public interest benefit of the corresponding saving or revenue enhancement, and specify by type (business or residential) the customers that are the expected beneficiaries of this public interest benefit. Provide all documents on which Bell Atlantic and GTE rely to assert these public interest benefits.

III. We request further clarification and documentation regarding the post-merger plans of Bell Atlantic and GTE, as discussed in the applicants' public interest statement and the Toben Declaration. In this Declaration, Ms. Toben states that the financial efficiencies discussed above "will allow the new company to meet its commitments to improve service quality, accelerate new services, and build out competitive local exchange carrier businesses in [twenty-one cities]." (Toben Declaration at 2). Please provide the following information:

- a) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to improve service quality post-merger, including specifying the areas in which service quality will be improved, and the anticipated steps, investments, and timetable for implementation of each planned service quality improvement. Identify the extent to which each planned service quality improvement is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including, but not limited to, Bell Atlantic and GTE's plans relating to these service quality improvements absent the merger).
- b) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to accelerate the roll-out of new services post-merger, including specifying the new services that will be introduced, and the anticipated steps, investments, revenue increases, and timetable for the rollout of each new service to each target customer type (business or residential). Identify the extent to which the introduction of each new service is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including but not limited to Bell Atlantic and GTE's roll-out plans relating to these services absent the merger).
- c) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to begin offering services as a competitive LEC post-merger in the twenty-one cities cited, including specifying the services that will be offered in each city, and the anticipated steps (including facilities build-out plans), investments, revenue increases, and timetable for the rollout of each new service to each target customer type (business or residential) in each city. Identify the extent to which the introduction of each new service is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including, but not limited to, Bell Atlantic and GTE's competitive LEC plans absent the merger).

IV. We also request further clarification and documentation regarding the post-merger plans of Bell Atlantic and GTE if Section 271 approvals have not been received in any or all of Bell Atlantic's states and the District of Columbia by the time that the Commission acts upon the Joint Application. In Bell Atlantic and GTE's public interest statement of October 2, 1998, the applicants state that if Bell Atlantic's Section 271 approval process is not complete by the time

that the merger closes, "applicants will request any necessary transitional relief from the Commission." (Joint Application at 19, footnote 14). Please:

- a) Identify every interLATA service (both information services and telecommunications services, whether provided over circuit-switched or packet-switched networks) offered by GTE or any of its affiliates in each Bell Atlantic state and the District of Columbia. List the number of customers, by type, of each of these services in each Bell Atlantic state and the District of Columbia.
- b) Discuss in detail what "transitional relief" Bell Atlantic and GTE will request from the Commission if Section 271 approvals have not been received in any or all of Bell Atlantic's states and the District of Columbia by the time that the Commission acts upon the Joint Application, including the specific legal basis for such relief.
- c) State whether Bell Atlantic and GTE's anticipated post-merger cost savings and revenue enhancements, and plans to improve service quality, accelerate new services, and build-out competing LEC services in twenty-one cities, discussed in their public interest statement, are dependent on the receipt of Section 271 approval in Bell Atlantic's states and the District of Columbia or the "transitional relief" discussed above in section IV(b) of this letter. Discuss specifically and produce all documents relating to how the lack of such 271 approval or transitional relief may affect the answers to sections II. and III. above.

V. Finally, please provide the following documents discussed during meetings held with the applicants in November 1998:

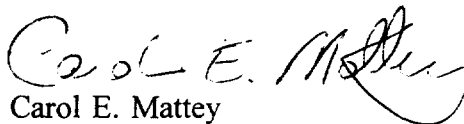
- a) All documents relating to Bell Atlantic or GTE's plans from January 1, 1996, to the present to merge, team or enter into a joint venture with any other entity in order to accelerate the introduction of new services or facilitate the provision of telecommunications services outside of their respective franchise areas (GTE) or in-region states (Bell Atlantic) as that term is defined in Section 271 of the Telecommunications Act of 1996.
- b) All documents relating to all discussions that Bell Atlantic or GTE has conducted with their customers, or requests from these customers, for Bell Atlantic or GTE to provide telecommunications services outside of their respective franchise areas (GTE) or in-region states (Bell Atlantic) as that term is defined in Section 271 the Telecommunications Act of 1996.

Any documentary material requested that contains information deemed proprietary or confidential should be filed with the Commission pursuant to the protective order adopted in this proceeding on November 19, 1998. In addition to the procedures set forth in that order, please note that the process for filing documents containing proprietary or confidential documents will be as follows:

A party filing a confidential document must deliver in person one copy of the confidential document to To-Quyen Truong or Michael Kende at 1919 M Street, Room 544. In addition, the party must file with the Secretary's Office one copy of the entire confidential document and two copies of the confidential document in redacted form, each with an accompanying cover letter. The confidential document and accompanying cover letter should be stamped "Confidential -- Not for Public Inspection." The two copies of the redacted document and their accompanying cover letters should be stamped "Redacted -- For Public Inspection." The cover letters accompanying both sets of documents should state that the party is filing a confidential document and a redacted version of that document. Other than having different stamps (i.e., "Confidential -- Not for Public Inspection" or "Redacted -- For Public Inspection"), the cover letter should be the same for the confidential and the redacted copies. The documents to be filed with the Secretary's Office should be delivered in person at 445 12th Street, S.W., Room TW-B204 to: (i) Magalie Roman Salas, Secretary; or in her absence (ii) William F. Caton, Deputy Secretary; or in his absence (iii) Ruth A. Dancey, Assistant Secretary.

As agreed during our meetings, in order to expedite the Commission's review of the application for consent to transfer of control, Bell Atlantic and GTE should file documents responsive to the staff's requests as they are identified, rather than waiting for all to be prepared for submission. Bell Atlantic and GTE should provide all requested information and documents by January 15, 1998. If you have any questions regarding these requests, please contact To-Quyen Truong (418-1941) or Michael Kende (418-7512) of my staff.

Sincerely,



Carol E. Matthey
Chief, Policy and Program Planning Division
Common Carrier Bureau